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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000049

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SUBJECT: TAIPEI MAYOR HAU LUNG-BIN ON POLITICAL AND
CROSS-STRAIT DEVELOPMENTS

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (C) Summary: In a meeting with the Director on January 12, Taipei Mayor Hau Lung-bin maintained that KMT party-government relations are smooth but admitted that President Ma and his core advisors have on occasion not communicated well with the KMT legislative caucus prior to controversial decisions. While expressing some concern about KMT prospects in the March legislative by-election to replace Diane Lee, Hau acknowledged that the KMT traditionally has enjoyed a large majority in the Taipei District. On the upcoming local elections in December, Hau stressed the importance of the contest for Taipei County magistrate, predicting that KMT incumbent Chou Hsi-wei, despite his weak record, will insist on running for reelection unless he is brought into the central government. Hau expressed hope that flights can be established between Taipei's Songshan and Shanghai's Hongqiao Airports and also between Songshan and airports in Tokyo and Seoul. End Summary.

¶2. (C) The Director and Taipei Mayor Hau Lung-bin discussed domestic politics, cross-strait developments, the mayor's upcoming trip to Washington, and the new AIT office compound project (reported separately) in a meeting at Hau's office on January 12. A member of the unofficial delegation led by Legislative Yuan (LY) Speaker Wang Jin-pyng, Hau will be departing for Washington on January 17 and returning to Taiwan on January 21, immediately after the inauguration, to participate in pre-Lunar New Year activities.

Lack of Communication Between Ma and KMT Legislators

¶3. (C) The Director asked about politics in the KMT, noting recent media allegations of ongoing friction in the party. Government-party relations are all right, Hau responded, but he acknowledged the government has encountered difficulties in gaining support for some policies from KMT legislators. Hau cited the examples of the recent controversy over the appointment of former Health Minister Lin Fang-yu to head the Veterans General Hospital and earlier difficulties with nominations to the Control Yuan and Examination Yuan. He attributed the problem to insufficient understanding by Ma and his core advisors of the LY culture, in particular, the need for dialogue and lobbying before making decisions.

Taipei Legislative By-Election

¶4. (C) Hau said he was a little worried about KMT prospects in the March 28 LY by-election in Taipei to fill the vacancy opened by Diane Lee's resignation. Traditionally, the KMT has enjoyed a 6-4 edge in Taipei's Da'an-Wenshan district. However, some KMT supporters, unhappy over the Diane Lee case that has dragged on so long, may not turn out to vote. If the DPP nominates former Hakka Affairs Commissioner Luo Wen-jia, who lost to Lee in January by 50,000 votes, he would be a very strong candidate. The KMT's difficulties could be compounded if the party has a divisive primary to select a candidate for the race.

KMT Chairman

¶5. (C) Wu Poh-hsiung is doing all right as KMT chairman, Hau said, but Wu would like to step down this summer because of health problems and because he believes he has fulfilled his role by helping Ma get elected. The question facing Ma is whether he wants to take up the chairmanship himself or have someone close, such as Taoyuan County Magistrate Eric Chu, replace Wu. Otherwise, Wu may stay on as chairman. Hau added that KMT Legislator Wu Chih-yang, Wu Poh-hsiung's son, will very likely run in December to succeed Eric Chu as Taoyuan County magistrate.

New Enlarged Municipalities

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¶6. (C) The Director asked about plans for merging Taipei City and County, Taichung City and County, and Kaohsiung City and County. Hau responded that it would be impossible to do all three of these at the same time. Very likely, Taichung will go first. Legislation will be required to combine the city and county, and the decision will have to be made by August 1 at the latest. If Taichung City and County are merged later this year, the election in Taichung will be postponed for one year, so that the election for Taichung mayor would coincide with the Taipei and Kaohsiung municipal elections in 2010. The earliest date for the merger of Taipei City and County is 2014, Hau added.

Key Election in Taipei County

¶7. (C) The flagship election in December will be the Taipei County contest, Hau said. The most populous jurisdiction, Taipei County is a "mini-Taiwan" with most of its 3.8 million people coming from central and other areas of the island. Despite his low approval ratings in public opinion polls, incumbent Magistrate Chou Hsi-wei is likely to run for re-election in December, Hau suggested, adding that he did not think an outsider such as Eric Chu would want to challenge Chou in a primary. However, Chou might choose to bow out if he were offered a face-saving position in the central government. The Director asked whether Kaohsiung County Magistrate Yang Chiu-hsing might be a possible DPP candidate in the Taipei County race. Hau responded that since Yang does not have a connection to Taipei County, Yunlin Deputy Magistrate Lee Ying-yuan, who previously lived in Taipei County, would be a more likely candidate.

Taipei Role in Cross-Strait Relations

¶8. (C) Noting that he has already been lobbying Minister of Transportation Mao Chih-kuo, Hau said he hopes for an increase in cross-Strait flights to the city's Songshan Airport. An increase in mainland tourist and business visits would help stimulate Taipei's economy, he explained. Hau said he is particularly interested in opening flights to Shanghai's Hongqiao Airport and that he also hopes to arrange

flights from Songshan to Haneda Airport in Tokyo, already being discussed, and to Seoul.

¶9. (C) Hau predicted the two pandas recently received from China will become a major attraction at the world-class Taipei Zoo when their exhibit opens to the public January 26, the first day of the Lunar New Year. Hau noted that Taiwan businesses provided air transportation for the pandas (Evergreen Group) and the new panda house at the zoo (Shin Kong Group). Hau also said Hon Hai Chairman Terry Kuo had called him to volunteer to pay the cost of the large Taipei exhibit at the 2010 Shanghai World Expo.

Comment

¶10. (C) Hau's comments about the weak coordination between President Ma's circle and the KMT legislative caucus track with what we have heard from numerous other sources. A DPP victory in the upcoming legislative by-election in Taipei would be a major upset, given the large majority of KMT supporters in the district. As Hau said, the election for Taipei County magistrate in December will be an important test of strength for both parties. Although the KMT has a slightly larger base than the DPP in Taipei County, Chou Hsi-wei's weak record gives the DPP an opportunity, especially if the party nominates a leading figure such as former Premier Su Tseng-chang or DPP Chairperson Tsai Ing-wen.
SYOUNG